Minutes of the IT Investment Board

March 3, 2004

Members Present:
George C. Newstrom (Chairman)   Dr. Mary Guy Miller
Jimmy Hazel   Scott Pattison
Hiram Johnson   Len Pomata
John Lee   Walter Kucharski (ex-officio – non-voting)
James McGuirk

Members Absent:
Chris Caine

Others Present:
Lem Stewart, Chief Information Officer, VITA
John Westrick, Counsel to the Board

Call to Order
The Chairman called the meeting of the Virginia Information Technology Investment Board to order at 1:02 p.m.   Chairman Newstrom informed Board members that directly after the meeting, there would be a tour of the VITA Data Center and of the office space that had been designated for the ITIB.

Approval of Minutes
Hiram Johnson made a motion that the minutes of the February 4, 2004 meeting be approved. John Lee seconded motion. There being no discussion, the minutes were approved as written.

CIO Update
Lem Stewart, VITA CIO presented an update of VITA activities:
- Medium agencies and VDOT merger effective July 1. 2004.
- Submitted final action plan to the ITIB Finance Committee on February 26, 2004 for approval response to APA Report. Six actions are complete.
- The DHRM Classification Study was presented to legislative committees. VITA submitted all job descriptions to DHRM on 2/19/04.   DHRM will conclude the first phase of the study by 05/03/04.   Two other phases of the classification study and are scheduled congruent with the merger timeline for medium agencies (July 1, 2004) as well as large agencies (spring of 2005)

- Status of the DHRM study has been provided to Senator Norment and the Senate Finance Committee
- Revised VITA Interim Rate Structure from a single rate structure to a cost plus methodology. JLARC, APA and DPB are supportive of the revised methodology.
- Revised the process for PPEA proposals requesting agencies to advise VITA when PPEA proposals are received prior to actual posting, so that VITA is aware of existing PPEA proposals and can place them on the dashboard for monitoring
- Initiating a renegotiation of Richmond Plaza lease, which expires 12/31/04. If unable to reach an agreeable rate, VITA is working with DGS to move the majority of staff from the Richmond Plaza Building to another DGS facility, leaving only the data center. The new term agreement is for three years with two one-year renewals. Will negotiate as a single five-year rate.
- Met with DGS to discuss small agencies that have been merged with VITA that are in the context of the capital square renovation plan. Will proceed with consolidation of small agency groups (located in the 8th & 9th Street areas and the Towers) and move these agencies one time only to the Plaza Building. DGS is in agreement and are working on this plan. Some agencies will make this move within the year. An agency consolidation cost plan will be brought before the Board.
- Organizational Priorities:
  - Integration - move on schedule with tight cost controls;
  - Cost reduction and savings – finding all quick wins. There is a task force that has been created with the task of identifying quick wins and key initiatives will be formed into formal process and will be brought forth in monthly updates.
  - Transformation – begin to address the PPEA proposals. Evaluating the process and have issue an RFP for independent professional expertise to assist in the operational review and evaluation of PPEA proposals
- Challenges:
  - Legislative and budget amendments
    - start up funding originally $14 million has been reduced to $3 million)
    - VITA specific – DHRM classification study encumbers VITA to more intense process relative to approvals for salary adjustments and/or /compensation
    - Exemption requests - Va. Port Authority, Department of State Police, Department of Mental Health, Mental Retardation, and Substance Abuse Services
  - PPEA Proposal Review and reporting language
  - Unfunded mandates:
    - There are no monies available to provide contract support
    - There are no general funds available to support the Agency Project Performance component of the Strategic Management Services Division

Austin Matthews presented VITA financial update information.

Jimmy Hazel commended Len Stewart for the progress he has made since his appointment.

Committee Reports

Legislative Review Committee, Jimmy Hazel, Chairperson

Jimmy Hazel reported that the Committee recommended that the full ITIB continue to support action items discussed at the previous Board meeting -
Oppose all exemption requests (Va. Port Authority, Dept. of State Police and the Dept. of Mental Health, Mental Retardation and Substance Abuse Services). Based on ITIB members' visits to patrons, language has been revised in a positive manner
Continue support for budget amendment to allow the ITIB to decelerate the integration of agencies

He encouraged the ITIB to allow the CIO the flexibility needed to engage in negotiations with members of the General Assembly between now and the end of the General Assembly.

He review the handout provided in the agenda packets regarding specific legislation pertaining to VITA. In addition, Mr. Hazel brought forth an additional budget item (Item 2 #2s) dealing with central capital outlay and central appropriations for deferred maintenance issues.

Chairman Newstrom stated that within the next ten days, it might be necessary to contact board members via telephone to give a quick update on the status of the budget amendment language.

Jimmy Hazel recognized members of the VITA staff, and staff from the Office of the Secretary of Technology for work performed during legislative session.

IT Project Review Committee, Jim McGuirk, Chairperson:

Virginia Department of Transportation, Financial Management System Upgrade Project - Notice of Suspension due to Resource Impact of Hurricane - The committee discussed the process to be used in acting on a suspension request. Chairman McGuirk made a motion that Board authorize Lem Stewart to send a letter to the agency acknowledging suspension of the project, and also reminding the agency that the project it will undergo another project approval process with the newly established baseline.

Jimmy Hazel seconded the motion. The Board carried the motion unanimously.

Commonwealth Management Technology Policy – Highlighted changes to the Policy were sent to the Board for their review. Chairman McGuirk made a motion that the Board approve the Commonwealth Management Technology Policy.

John Lee seconded the motion. The Board carried the motion unanimously.

Commonwealth Enterprise Architecture Platform Domain Report – Gives a framework for the agencies when making technology decisions. Four categories defined:

a) Obsolescence - using technology that is beyond its time
b) Transition – promotes standards technologies
c) Strategic – technologies that will be promoted
d) Emerging – want to be aware of technologies that ate on the horizon that are under evaluation and could end up in a strategic area

VITA staff have developed and sent out a chart showing each vendor/company; what their products are; and the different categories that the projects are in.

Chairman McGuirk made a motion that the Enterprise Architecture Platform Domain Report be adopted. Dr. Miller seconded the motion. The motion carried unanimously by the Board.

September Report Due to Governor and General Assembly - Chairman McGuirk addressed the September report due to the Governor and General Assembly. He stated that in order to create the report, criteria must be set regarding the method used for gathering information in evaluating projects. The IT Project Review Committee agreed that for fair representation, there would be a report by Secretariat of all projects. Each Secretariat will be able to see what the projects are in each stage. All projects will be separated into categories with a ranking by Secretariat of their importance. The IT Project Review Committee is now reviewing the manner in which projects will be ranked and brought before the Board for its recommendation to the Governor and General Assembly (i.e. should there be representation from each Secretariat; should there be one project from each agency; should there be a category of projects using state general funds verses those using federal funds) The Board will be advised of ideas, etc. and will be asked for input.

Chairman McGuirk stated that the full Board would be involved in the process of how to cut down the number of projects to be submitted to the Governor and General Assembly. In reviewing the information that needs to be completed from September 1 to present, the Board would have less than 30 days to review the information and rank the project order. VITA staff has been requested to revise the timeline and submit information as it is gathered to the Board. Chairman McGuirk anticipates seeking Board guidance during the June- July timeframe.

Chairman Newstrom stated that the process of ranking technologies might change considerably within the next couple of months, based on actions of the General Assembly regarding the budget.

Finance Committee, Scott Pattison, Chairman
Scott Pattison stated that the Finance Committee had met on February 26th and reported as follows:

Proposed Change to VITA Rate Structure – Scott Pattison recommended that the Board approve the Proposed Change to the VITA Rate Structure for New Services. He noted that changes to the old structure for services will be continually made, and that the proposed changes are for new services only.

Lem Stewart gave a detailed description of the methodology change. In summary, he stated the methodology is moving from a rate structure approach to a cost plus approach. This would mean

that agencies would only pay for services they request, services they have, and services they approve beforehand. Agencies will be billed for those costs using the asset management system now in place, in addition to an administrative fee (administrative fees would include VITA assuming the responsibility for order processing and all billing components).

He further stated that the rate structure is an integration structure and will continue until the transformation process begins when, at that time, a rate structure will be built that fits the environment. Metrics and components will be developed and a model of agency bills under the new methodology will be brought to the Board for approval. After Board approval, VITA will go forward and on the timeline to present the new methodology to JLARC. The targeted date to submit to JLARC is April 23rd, should JLARC have an April meeting. If JLARC does not meet in April, the target time period is May, at the latest.

Scott Pattison made a motion that the Board approve the proposed methodology, assuming there is no April meeting of JLARC, and that metrics be developed and models of agency bills be brought back to the Board for approval. Jimmy Hazel seconded the motion.

Lem Stewart confirmed that VITA is in compliance and are working with the APA, the Department of Planning and Budget, and JLARC on the development of the new rate structure.

Walter Kucharski commented that the new rate structure is a dramatic improvement and the proposed approach simplifies the billing process and redefines services. He encouraged Mr. Stewart to forward the breakout sheet defining service which was presented the Finance Committee meeting to Board members.

After further discussion, the Board carried the motion unanimously.

Summary Action Plan - Scott Pattison made a motion that the Board approve the Summary Action Plan in response to the APA Report. The streamlined summary of the Plan represented a summary of the actions taken place, as well as due dates and status information. The Board will be updated monthly on the status of actions. In addition to the Action Summary Plan, the CIO and staff are presently reviewing a draft of the business plan. The Board will receive the draft plan prior to the next ITIB meeting.

Len Pomata asked when the Board would be briefed on the process of handling PPEAs. Chairman Newstrom explained that the CIO would take the lead on how PPEAs are approached. He stated that he, Jim McGuirk and the IT Project Committee will be directly involved in developing the process. At the next ITIB meeting, there will be a detailed discussion on the process of PPEA proposals.

After further discussion, Scott Pattison made a motion that the Board approve the Summary Action Plan, with the understanding that it is an evolving document, and that the Board will receive monthly updates. Jimmy Hazel seconded the motion. The Board carried the motion unanimously.

Jimmy Hazel recommended that the Summary Action Plan, with a clear cover memo from the CIO, be circulated to members of the General Assembly. Lem Stewart stated that the DHRM Classification Study would be included as well.

Spring Meeting – Scott Pattison stated that the Finance Committee recommended choosing one of the spring meetings of the ITIB to discuss long-term principles. Chairman Newstrom requested that the Executive Director of the Board poll the members regarding anticipated attendance at the next three upcoming Board meetings. Based on the month with majority of anticipated attendance, the full-day strategic planning meeting will be scheduled.

The Committee also suggested that the meeting be held outside of Richmond. Chairman Newstrom requested members to suggest meeting locations in their response.

Other Business
Chairman Newstrom informed the Board of the following events:

➢ April 1, 2004 - The Governor has invited Larry Ellison to speak to the technology employees.   This event has now been cancelled.
➢ September 26-28, 2004 - COVITS Symposium to be held in Norfolk, Virginia.

Public Comment
There was no public comment.

Executive Session
A motion was made by Hiram Johnson that pursuant to Section 2.2-3711 A (1) of the Code of Virginia that the IT Investment Board convene into Executive Session for the purpose of discussing CIO performance review issues.   Dr. Miller seconded the motion. By unanimous vote, the Board convened into Executive Session in the Executive Workroom, VITA Operations Center, Third Floor, 110 South Seventh Street, Richmond, Virginia.

The Board immediately reconvened in open session at 3:45 p.m. Chairman Newstrom made a motion that all members certify as follows:

    i.   to the best of each members' knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act, and
    ii.   only such public business matters as were identified in the motion by which the closed meeting was convened was heard, discussed or considered in the meeting by the public body.

Jimmy Hazel seconded the motion. Chairman Newstrom called the roll and each of the nine members so certified.

Adjourn
The next meeting of the ITIB will be Wednesday, April 7, 2004 at 1:00 p.m. at the VITA Operations Center. There being no further business, the meeting adjourned at 3:50 p.m.